

Message Text

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FM SECSTATE WASHDC
TO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L STATE 170725

EXDIS, FOR SAYLOR

E.O. 11652: N/A

TAGS: EAGR, SZ

SUBJECT: UNCTAD WHEAT NEGOTIATIONS; INSTRUCTIONS FOR US
DEL

1. THE UNITED STATES DELEGATION TO THE INTERIM COMMITTEE,
JULY 7-12, IS AUTHORIZED TO BEGIN NEGOTIATIONS ON THE
LEVELS OF THE PRICE ACTION POINTS AND LOWER AND UPPER
NOTIONAL PRICES OF THE WHEAT TRADE CONVENTION. U.S. DEL
SHOULD CHOOSE THE APPROPRIATE STRATEGY FOR TABLING A U.S.
PROPOSAL ON THESE PRICE LEVELS TAKING INTO CONSIDERATION
(1) THE DEGREE TO WHICH OUTSTANDING ISSUES ON THE KEY
PROVISIONS OF THE WHEAT TRADE CONVENTION HAVE BEEN RESOLVED,
(2) THE NEED TO DEVELOP SUPPORT FOR THE U.S. POSITION AMONG
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OTHER DELEGATIONS THROUGH INFORMAL DISCUSSIONS, AND (3) THE
APPARENT WILLINGNESS OF OTHER MAJOR DELEGATIONS TO PROCEED
TOWARD SERIOUS NEGOTIATION.

2. THE U.S. OBJECTIVE FOR THE LEVELS OF THE PRICE ACTION
POINTS, AS CALCULATED IN TERMS OF THE PRICE INDICATOR
BASED ON SEVEN WHEATS (FOUR U.S., TWO CANADIAN, AND ONE

AUSTRALIAN), IS AS FOLLOWS:

THIRD RISING PRICE POINT 230 DOLS/MT
SECOND RISING PRICE POINT 215 DOLS/MT
FIRST RISING PRICE POINT 200 DOLS/MT

FIRST FALLING PRICE POINT 150 DOLS/MT
SECOND FALLING PRICE POINT 140 DOLS/MT
THIRD FALLING PRICE POINT 125 DOLS/MT

IF THE COMPOSITION OF THE PRICE INDICATOR IS CHANGED
DURING SUBSEQUENT NEGOTIATIONS, THE U.S. DEL SHOULD ADJUST
THE PRICE ACTION POINTS AS NECESSARY SO THAT THE NEW POINTS
ARE EQUIVALENT TO THOSE STATED ABOVE.

3. FOR THE UPPER AND LOWER NOTIONAL PRICES, THE U.S.
SHOULD NOT TABLE ANY FIGURES UNTIL THE DEFINITION OF THE
NOTIONAL PRICES IS FULLY RESOLVED. IN ORDER TO BE
ACCEPTABLE TO THE U.S., NOTIONAL PRICES MUST BE DEFINED
IN GENERAL TERMS, NOT IN TERMS OF A PARTICULAR WHEAT(S),
AND MUST INVOLVE NO OBLIGATIONS. REGARDLESS OF THE
DEFINITION, THE NOTIONAL PRICES SHOULD BE OUTSIDE THE
RANGE OF THE THIRD PRICE POINTS ABOVE. IF DEFINED IN
TERMS OF GENERAL FOB PRICES, THE LOWER AND UPPER NOTIONAL
PRICES SHOULD BE ABOUT 100 DOLS. AND 250 DOLS.
RESPECTIVELY. VANCE
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